

State of Alaska FY2008 Governor's Operating Budget

Department of Labor and Workforce Development Administrative Services Results Delivery Unit Budget Summary

Administrative Services Results Delivery Unit

Contribution to Department's Mission

The component contributes to the department's mission by providing support services to department programs.

Core Services

The Management Services component provides financial support services; unemployment insurance trust fund accounting; procurement, budget planning, monitoring and reporting; and office space management to department programs.

The Human Resources component consolidates and accounts for the costs of human resource and personnel services provided to this department by the Department of Administration.

The Leasing component consolidates and accounts for the costs of all space leases for the department.

The Data Processing component provides mainframe and desktop programming, database and security administration and network services installations and support.

The Labor Market Information component collects, analyses and publishes information on employment, unemployment, wage rates, occupational injuries, population estimates and forecasts, and other economic and demographic information, and will act as the official liaison with the federal Census Bureau for all Census 2010 projects.

End Results	Strategies to Achieve Results
A: Maximize customer satisfaction with Labor Market Information services <u>Target #1:</u> 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5. <u>Measure #1:</u> Percent and number of customers rating LMI services as 3 or better.	A1: Publish all required reports on time. <u>Target #1:</u> Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines. <u>Measure #1:</u> Percentage of BLS deliverable deadlines met. <u>Target #2:</u> Meet or exceed all state required report deadlines. <u>Measure #2:</u> Percent of state reporting deadlines met. A2: Maximize the accuracy of information produced. <u>Target #1:</u> Meet or exceed the data quality standard set by BLS for the Current Employment Statistics program. <u>Measure #1:</u> Percent of Current Employment Statistics benchmark revision. <u>Target #2:</u> Meet or exceed an 85% response rate on the Quarterly Census of Employment and Wages annual refiling survey. <u>Measure #2:</u> Response rate on the Quarterly Census of Employment and Wages annual refiling survey.
End Results	Strategies to Achieve Results
B: Improve customer satisfaction with Data Processing services.	B1: Deliver data processing systems and services on schedule and within budget.

<p><u>Target #1:</u> 90% of survey respondents rate Data Processing services as 3 or better on a scale of 1 to 5.</p> <p><u>Measure #1:</u> Percent of customers rating Data Processing services 3 or better.</p>	<p><u>Target #1:</u> All data processing projects produced on schedule.</p> <p><u>Measure #1:</u> Percent of projects produced on schedule.</p> <p><u>Target #2:</u> All data processing projects produced within budget.</p> <p><u>Measure #2:</u> Percent of data processing projects produced within budget.</p> <p><u>Target #3:</u> All production jobs completed successfully.</p> <p><u>Measure #3:</u> Percentage of production jobs that complete successfully</p>
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Major Activities to Advance Strategies

<p>Bill for Services.</p> <ul style="list-style-type: none"> • Maintain accurate addresses. • Bill federal agencies promptly. • Submit grant applications timely. • Research available grant programs. • Properly account for revenue received. • Submit department budget accurately and timely. • Develop and present briefing documents. • Establish relationships with key legislators and staff. • Testify at legislative hearings. • Respond to legislative requests for information. • 	<p>Pay bills not involving discounts within 30 days.</p> <ul style="list-style-type: none"> • Pay vendors offering discounts within the discount period. <p>Monitor bills to avoid duplicate payments.</p> <ul style="list-style-type: none"> • Review internal operations and cross-departmental operations. <p>Manage all projects by trained project managers using formal and standardized methodology.</p> <p>Enhance project management skills with a refresher course.</p> <p>Project managers' skills will be enhanced by use in more smaller projects.</p> <p>Publish reports.</p> <ul style="list-style-type: none"> • Respond to information requests. • Data collection and surveys. • Analyze data. •
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FY2008 Resources Allocated to Achieve Results

FY2008 Results Delivery Unit Budget: \$19,414,300	Personnel:	
	Full time	112
	Part time	4
	Total	116

Performance Measure Detail

A: Result - Maximize customer satisfaction with Labor Market Information services

Target #1: 90% of survey respondents rate Labor Market Information (LMI) services as 3 or better on a scale of 1 to 5.

Measure #1: Percent and number of customers rating LMI services as 3 or better.



LMI Customer Satisfaction

Year	YTD Total
2005	95%
2006	95%

Analysis of results and challenges: Research & Analysis (R&A) collects customer satisfaction data through a Web-based survey. The survey has four main objectives: to determine customer awareness of products and services, to measure general satisfaction with R&A's information, to measure satisfaction with specific R&A products, and to solicit customer feedback with an eye toward better meeting customer needs.

During calendar year 2005, 372 users responded to the online survey; 322 responses were received during the first three quarters of 2006. Of those users, 95% in both 2005 and 2006 were neutral, satisfied or very satisfied. The above graph displays, by both percentage and number, the level of satisfaction reported by the survey respondents.

A more detailed survey, including both mail and online data collection, will be conducted during fiscal year 2007.

A1: Strategy - Publish all required reports on time.

Target #1: Meet or exceed all Bureau of Labor Statistics (BLS) program deliverable deadlines.

Measure #1: Percentage of BLS deliverable deadlines met.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2003				100%
2004	98.1%	100%	100%	100%
2005	100%	100%	100%	100%
2006	100%	100%	100%	NA

Analysis of results and challenges: The BLS grant in many cases specifies delivery dates. Recording submittal dates of BLS deliverables began October 1, 2003.

All BLS program deliverables were met during 2005; all deliverables were met for the first three quarters of 2006.

Target #2: Meet or exceed all state required report deadlines.

Measure #2: Percent of state reporting deadlines met.

State Statutory Reports Submitted on Time

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2004	100%	100%	100%	100%
2005	100%	100%	100%	100%
2006	100%	100%	100%	NA

Analysis of results and challenges: With the exception of statutorily specified reports, most state funded projects do not have specified delivery dates.

All statutorily-required reports were completed on time during 2004 and 2005 and for the first three quarters of 2006.

A2: Strategy - Maximize the accuracy of information produced.

Target #1: Meet or exceed the data quality standard set by BLS for the Current Employment Statistics program.

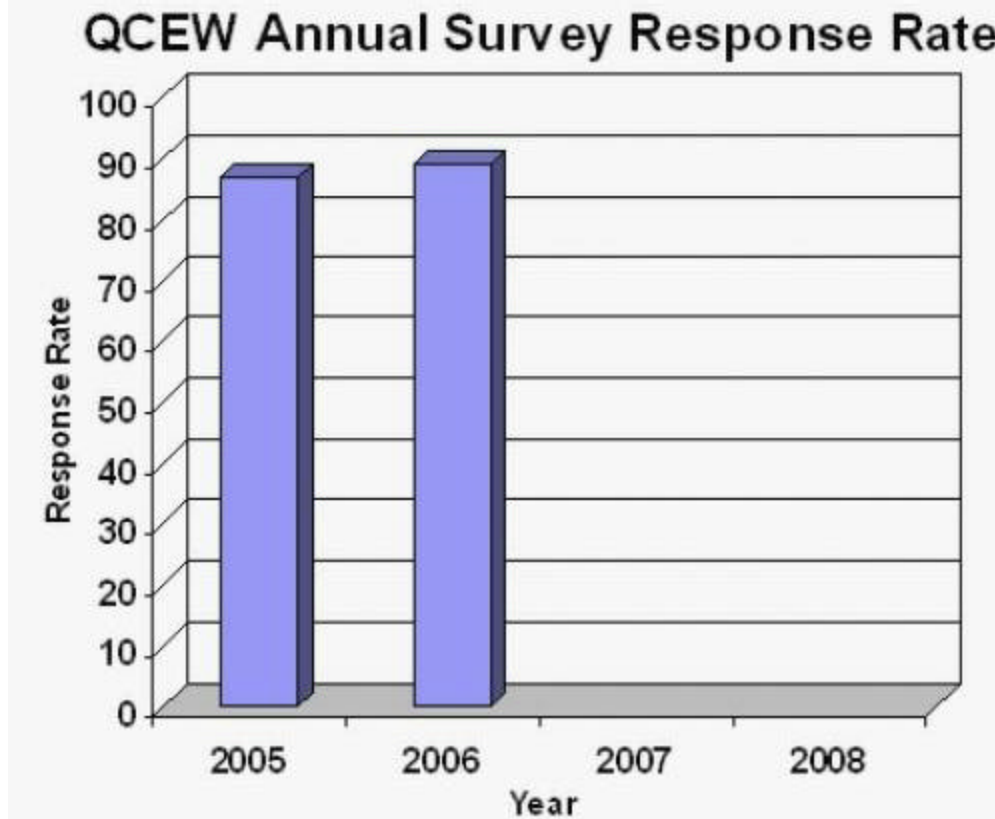
Measure #1: Percent of Current Employment Statistics benchmark revision.

Year	Prelim Est	Bnchmrk Rev	YTD Total
1999	277,809	277,817	00.0%
2000	281,944	283,884	00.7%
2001	288,929	289,329	00.1%
2002	293,216	295,754	00.9%
2003	299,517	299,616	00.0%
2004	303,316	303,963	00.2%
2005	308,800	309,900	00.4%

Analysis of results and challenges: The Bureau of Labor Statistics' standard for relative error for an employment estimate of between 250,000 and 500,000 is 2.0%. Alaska's five year average annual benchmark revision for 2001 to 2005 was 0.3%.

Target #2: Meet or exceed an 85% response rate on the Quarterly Census of Employment and Wages annual refiling survey.

Measure #2: Response rate on the Quarterly Census of Employment and Wages annual refiling survey.

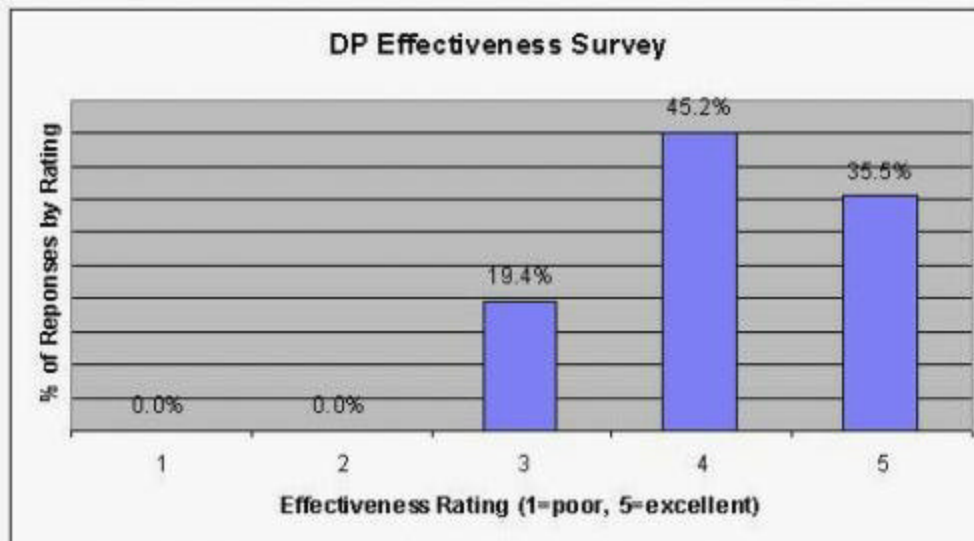


Analysis of results and challenges: Research & Analysis achieved an 87% response rate on the 2005 Quarterly Census of Employment and Wages annual employer refiling survey and an 89% response rate on the 2006 survey.

B: Result - Improve customer satisfaction with Data Processing services.

Target #1: 90% of survey respondents rate Data Processing services as 3 or better on a scale of 1 to 5.

Measure #1: Percent of customers rating Data Processing services 3 or better.



The graph represents the rating responses for FY06. Rating is from 1=worst to 5=best. Number represents the number of each rating response. There were 31 responses total.

Survey Results

Fiscal Year	Rate 1 or 2	Rate 3	Rate 4	Rate 5	Total
FY 2006	0	6	14	11	31

Analysis of results and challenges: A survey of the agency program unit liaisons was conducted. In future years the survey questions will need to be refined to focus on how Data Processing helped the business units perform their missions. Too many responses were related to likes and dislikes of individual staff.

B1: Strategy - Deliver data processing systems and services on schedule and within budget.

Target #1: All data processing projects produced on schedule.

Measure #1: Percent of projects produced on schedule.

% Project Schedule - Work Completed

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2005	83%	86%	71%	86%	81.5%
FY 2006	75%	75%	80%	80%	77.5%
FY 2007	100%	0	0	0	0
		0%	0%	0%	0%

Vendor delays and lack of skilled staff have been the cause of our project delays last quarter FY06Q4. We have not had overruns in cost.

Analysis of results and challenges: A log of projects is kept which records the project start date, expected completion date and the project budget. Each quarter until the project is completed the project work completed and budget cost-to-date percentages are entered. This measure is based on the number of projects on schedule as compared to the total number of projects, including completed and suspended projects.

A project is considered on schedule if its percentage complete is consistent with the initial projected completion date or the modified projected completion date due to the board acceptance of a change to the project scope.

Projects that become suspended (work ceases due to lack of resources or funding) are considered on schedule if they were on schedule when work was suspended. When the project resumes, the initial schedule will be revised to reflect a new expected completion date.

The FY07Q1 is unusual in that most of our projects ended last quarter and we are starting a new set of projects. Only two projects are ongoing.

Target #2: All data processing projects produced within budget.

Measure #2: Percent of data processing projects produced within budget.

% Project Budget Status

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2005	100%	86%	86%	100%	93%
FY 2006	100%	100%	100%	100%	100%
FY 2007	100%	0 0%	0 0%	0 0%	0 0%

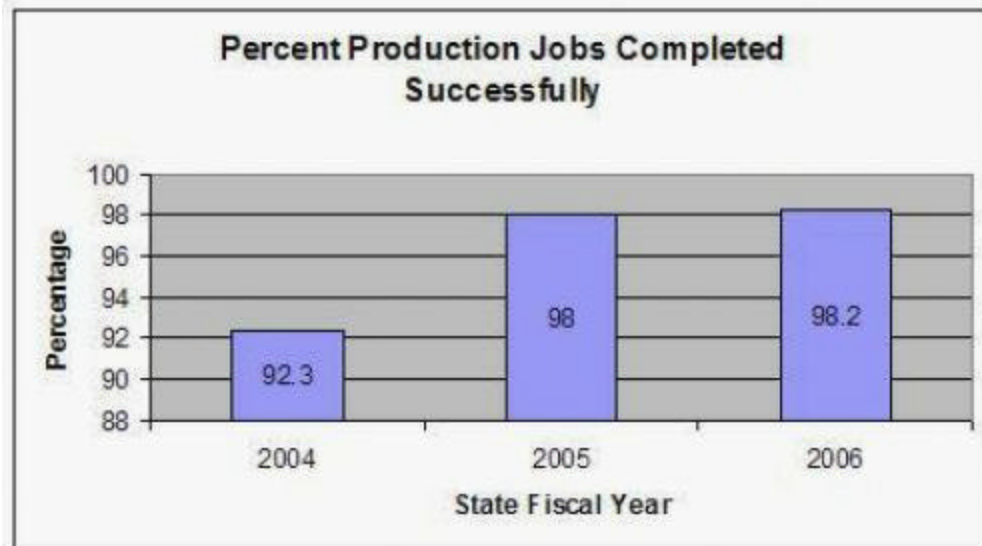
Analysis of results and challenges: A log of projects is kept which records the project start date, expected completion date and the project budget. Each quarter until the project is completed the project work completed and budget cost-to-date percentages are entered. This measure is based on the number of projects on schedule as compared to the total number of projects, including completed and suspended projects.

A project is considered within budget if the project cost to date is consistent with the initial projected budget or the modified budget due to the board acceptance of a change to the project scope.

Projects which become suspended (work ceases due lack of resources or funding) are considered within budget if they were within budget when suspended.

Target #3: All production jobs completed successfully.

Measure #3: Percentage of production jobs that complete successfully



Production Job Success Rate

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2003	0	0	96.5%	94.7%	95.6%
FY 2004	92.3%	91.7%	89.4%	96.1%	92.3%
FY 2005	97.2%	98.1%	98.1%	98.7%	98.0%
FY 2006	98.3%	98.0%	98.4%	98.0%	98.2%
FY 2007	0 0%	0 0%	0 0%	0 0%	0 0%

Analysis of results and challenges: The table shows a stable environment. This good result is a continuation from the prior year. The cost of increasing performance would not be cost effective. Factors that could cause worsening performance in the future could include new development, loss of experienced staff, or loss of experienced staff at ETS (the operator of the mainframe).

An automated log of production jobs records each production job submitted and includes a completion code indicative of the job's success. Programs have been prepared to access the database and report quarterly the number of jobs submitted and the percentage that succeeded.

Data for FY07 will be available after the mainframe MICS system is corrected.

Key RDU Challenges

Management Services will continue to revise the department's Indirect Cost Allocation Plan and other allocation methods to minimize complexity while complying with all state and federal accounting requirements.

The department will address net declines in federal funding in the face of increased operating costs, including personal services benefit cost increases and enterprise productivity rate increases.

The ability to recruit and retain senior Analyst/Programmers remains an ongoing challenge and we need to develop new ways to recruit and retain staff.

Statewide Enterprise Information Technology (IT) planning resulted in new standards. Fully aligning the department's IT efforts to these standards will take several years as the department's substantial infrastructure on the IBM MVS/CICS/DB2 mainframe is not part of the new IT standard. The department has just completed an evaluation to determine cost and customer effective solutions for technology platforms for the future, and may request capital funding to migrate from the state mainframe based on that evaluation.

Security requirements such as the Health Insurance Portability & Accountability Act of 1996 (HIPPA) are becoming stricter and threats to security are becoming more frequent and sophisticated. Increased demand for public access and wireless systems also forces more attention in this area and the required effort is increasing very rapidly. DOLWD will develop an operational security plan for the Unemployment Insurance (UI) system that will conform with the National Institute of Standards and Technology guidelines and will ensure that technical security controls are implemented to safeguard data, ensure data integrity and assure the availability of UI information.

Federal funding from the US Department of Labor's Bureau of Labor Statistics (BLS) and Employment & Training Administration (ETA) is expected to be lower in fiscal year 2008. Federal funding reductions will also negatively affect Interagency (I/A) receipts to the Labor Market Information component. The component is decrementing authorization to reflect funds that will no longer be received. It will be difficult to maintain a consistent level of services given volatile funding levels combined with increased labor costs.

Significant Changes in Results to be Delivered in FY2008

Our major non-standard data processing items are our core Unemployment Insurance (UI) Tax and UI Benefits applications which reside on the state mainframe. We have engaged a contractor, specializing in our software development tools, to provide cost benefit analysis, risk analysis, impact on business processes, and skill set requirements for a number of possible technology directions. The department migration strategy will be governed by the

speed at which we can develop cost effective solutions to replace those mainframe applications that are not currently compatible with State standards.

The department has implemented several web applications and will continue to increase the functionality of options available to the public. Targeted this year will be:

- * Benefits Internet Filing (BIF). This application will allow more of the filing input to be handled by clients and will reduce call center workload.
- * Workers' Compensation Electronic Data Exchange. This application will share data automatically between states and cut down on manual data entry.
- * Certified Payroll. This application will allow for easier and more intuitive filing of weekly or biweekly wages for employers working on public construction projects.

The Labor Market Information component will use the requested General Funds to meet the needs of our customers. If the funds are not received the component will be unable to provide these services.

1) \$100.0: Continue the collection of occupation and geographic worksite information and related analyses. These data are widely used to evaluate training program effectiveness and the future training needs resulting from the aging of Alaska's workforce. They are also required for the analysis outlined in AS 36.10.140 -- assessing the status of employment in the state, the effect of nonresident employment on the employment of residents in the state, and methods to increase resident hire. This project was originally funded by General Funds (approx. \$330.0 in 1985). In recent years, Federal Workforce Investment Act (WIA) funds received through interagency receipts have been used to cover this product. These federal funds are no longer available and this activity is more appropriately funded by General Funds than federal receipts.

2) \$75.0: Continue to update the Alaska Career information System (AKCIS) with Alaska occupational and education information. AKCIS is the only source of comprehensive, Alaska-specific education and occupational information available to assist both youth and adults in exploring and understanding the world of work, in helping them relate career options to relevant academic and vocational-technical programs of study and training, and in locating the colleges and universities that offer them. AKCIS is available in most of Alaska's middle- and high-schools, university campuses and all of the Department of Labor & Workforce Development's employment office resource rooms.

Major RDU Accomplishments in 2006

Processed payments in a timely and efficient manner.

Complied with all federal reporting requirements and deadlines.

Reduced the time between making an expenditure and drawing down the funds from the federal government.

The Statewide Single Audit for the department contained no findings or recommendations that needed to be addressed.

Continued to reduce mainframe costs by eliminating or modifying costly jobs and purging unneeded data from the mainframe database.

Completed the Alaska Labor Exchange system (ALEXsys) system for the Employment and Training Services program. This case management and labor exchange system will be the core of their business processes for the next several years.

Deployed the Benefits Audit Report Tracking System (BARTS) for the Unemployment Insurance Benefit Payment Control program. This will be their core unemployment insurance fraud detection system for the next 5-10 years.

Completed the long-term industry and occupational forecasts for 2004-2014. Completed the short-term industry forecast for 2006-2007.

Provided labor market information to policymakers and line staff by responding to over 1,750 requests for economic and demographic information and conducting nearly 100 presentations.

Labor Market Information met all federal and state deliverables.

Contact Information
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Administrative Services RDU Financial Summary by Component

All dollars shown in thousands

	FY2006 Actuals				FY2007 Management Plan				FY2008 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<u>Formula</u>												
<u>Expenditures</u>												
None.												
<u>Non-Formula</u>												
<u>Expenditures</u>												
Management Services	68.2	1,775.5	628.5	2,472.2	79.4	2,175.4	757.3	3,012.1	405.3	2,175.6	757.4	3,338.3
Human Resources	204.8	0.0	0.0	204.8	244.7	0.0	605.1	849.8	346.4	0.0	605.1	951.5
Leasing	2,969.6	0.0	0.0	2,969.6	3,143.9	0.0	0.0	3,143.9	3,311.3	0.0	0.0	3,311.3
Data Processing	126.5	4,100.1	1,761.0	5,987.6	325.8	4,604.0	1,758.7	6,688.5	893.3	4,221.5	1,758.8	6,873.6
Labor Market Information	602.0	1,320.1	1,277.1	3,199.2	825.4	2,085.9	1,726.3	4,637.6	1,392.6	1,910.9	1,636.1	4,939.6
Totals	3,971.1	7,195.7	3,666.6	14,833.4	4,619.2	8,865.3	4,847.4	18,331.9	6,348.9	8,308.0	4,757.4	19,414.3

Administrative Services
Summary of RDU Budget Changes by Component
From FY2007 Management Plan to FY2008 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	4,619.2	8,865.3	4,847.4	18,331.9
Adjustments which will continue current level of service:				
-Management Services	318.1	-235.8	-82.0	0.3
-Leasing	33.8	0.0	0.0	33.8
-Data Processing	567.5	-344.7	-222.7	0.1
-Labor Market Information	327.8	-160.6	-167.2	0.0
Proposed budget decreases:				
-Data Processing	0.0	-382.5	0.0	-382.5
-Labor Market Information	0.0	-175.0	-100.0	-275.0
Proposed budget increases:				
-Management Services	7.8	236.0	82.1	325.9
-Human Resources	101.7	0.0	0.0	101.7
-Leasing	133.6	0.0	0.0	133.6
-Data Processing	0.0	344.7	222.8	567.5
-Labor Market Information	239.4	160.6	177.0	577.0
FY2008 Governor	6,348.9	8,308.0	4,757.4	19,414.3